



اَوْنِيُوْرْسِيْتِي تِيْكْنُوْلُوْجِي مَارَا
UNIVERSITI TEKNOLOGI MARA
CAWANGAN KELANTAN

PROJECT PAPER

**A STUDY ON THE RELATIONSHIP BETWEEN MONEY SUPPLY (M3),
GROSS NATIONAL PRODUCT (GNP), TREASURY BILLS (T-BILLS), AND
CONSUMER PRICE INDEX (CPI) TOWARDS KUALA LUMPUR COMPOSITE
INDEX (KLCI)**

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MARCH 2005

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Dear Sir

SUBMISSION OF PROJECT PAPER (FIN 660)

Attached is the project paper entitled "A STUDY ON RELATIONSHIP BETWEEN MONEY SUPPLY (M3), GROSS NATIONAL PRODUCT (GNP), TREASURY BILLS (T-BILLS) AND CONSUMER PRICE INDEX (CPI) TOWARDS KUALA LUMPUR COMPOSITE INDEX (KLCI)" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you

Yours Faithfully

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ACKNOWLEDGEMENT

“In the name of Allah, the Merciful, the Beneficent”

Glory to ALLAH S.W.T, the most gracious, the most merciful, and peace is upon his messenger Holy Prophet Muhammad (PBUH). All the worship belongs to only Allah. I praised to Allah S.W.T. for giving me courage, time and knowledge in completing this project paper.

First and foremost, I would like to thank my respected project advisor, Encik Mohd. Nasser Bin Abdul Majid, who has made a significant contribution and provided me extremely useful comments at all stage of this research proposal, not forgotten the seniors of BBA program especially En. Amin Bin Abdullah for helping me in with valuable information, comments, and guidance.

I also would like to take this opportunity to thank my friends especially En. Muhammad Fakruzi Mat Arifin and En. Azlan Said for their full support, comments as well as suggestion that would improve this research. Last but not least, I override gratitude to my respected family, who gives me support, encouragement, and sacrifices. Without them, this project paper would never see light of the day.

To the person that directly or indirectly involved, thanks for your generous time and cooperation. Lastly my special acknowledgment goes to Universiti Teknologi

ABSTRACT

Perpustakaan Tengku Anis
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The study concentrates on the relationship between the money supply (M3), gross national product (GNP), Treasury bills (T-Bills) and consumer price index (CPI) towards Kuala Lumpur Composite Index (KLCI). The purpose of the study is to identify whether the money supply (M3), gross national product (GNP), Treasury Bills (T-bills), and consumer price index (CPI) has positive or negative relationship with Kuala Lumpur Composite Index (KLCI). The fluctuation of KLCI from 1994 to 2004 which is patents its instability, which something too high and something too low. The composite index instability and uncertainty pose significant challenge to the policy makers and investors in coming up with investment plan to minimize risk. The researcher use these independent variable because based on the previous study, the macroeconomic variables such as money supply, lending rate, inflation rate, discount rate, and gross national product influence to the KLCI. The secondary data is collected on monthly basis taken from 1 January 1994 to 31 December 2004. This study is use Multiple Regression Model to analyze the four variables concerned. From the result, it is shown that money supply (M3) and gross national product (GNP) has significant relationship with Kuala Lumpur Composite Index (KLCI). Then, the Treasury Bills (T-Bills) and consumer price index (CPI) has no significant relationship with Kuala Lumpur Composite Index (KLCI).

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